



Anticipating and managing  
the impact of change

**Restructuring trends in retail  
banking: Case study on Bank Pekao  
S.A. (Poland)**

[Going digital: Restructuring trends in  
retail banking](#)

**Author:** Marta Trawinska (Instytut Spraw Publicznych)

**Research manager:** John Hurley

**Eurofound reference number:** WPEF22040

© European Foundation for the Improvement of Living and Working Conditions (Eurofound), 2022  
Reproduction is authorised provided the source is acknowledged.

For any use or reproduction of photos or other material that is not under the Eurofound copyright, permission must be sought directly from the copyright holders.

Any queries on copyright must be addressed in writing to: [copyright@eurofound.europa.eu](mailto:copyright@eurofound.europa.eu)

*Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.*

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

**European Foundation for the Improvement of Living and Working Conditions**

**Telephone:** (+353 1) 204 31 00

**Email:** [information@eurofound.europa.eu](mailto:information@eurofound.europa.eu)

**Web:** [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

## Contents

<b>Introduction</b> .....	<b>1</b>
<b>National level: context and sectoral trends</b> .....	<b>2</b>
Employment trends .....	2
Drivers of change .....	4
<b>Case study: Bank Pekao S.A. (Bank Polska Kasa Opieki)</b> .....	<b>7</b>
Information on Bank Pekao .....	7
Drivers and motivations for the restructuring case.....	7
The restructuring process.....	8
Collective representation, information and consultation process .....	9
Support to affected workers .....	10
Restructuring outcomes .....	12
<b>Conclusions and policy pointers</b> .....	<b>14</b>
Policy pointers .....	14
<b>References</b> .....	<b>16</b>
<b>List of interviewees</b> .....	<b>18</b>

# Introduction

This case study describes recent changes in the banking sector, as well as one of the largest restructurings carried out in Poland in the recent years. The aim of the study is to analyse how digitalisation and other factors have affected the decision for restructuring and employment in the sector.

The study examines the restructuring implemented by the Poland's second largest bank, Bank Pekao S.A., between early March and end June 2021. The case study is based on interviews with actors involved on the side of the worker representatives and management in Bank Pekao S.A. Information on changes, trends and restructuring in the sector was also supplemented with an interview with a banking expert at national level and with desk research, involving national statistics, press releases, reports and documentation, studies and other reliable sources. Many are the findings of the case study.

First of all, digitalisation has been one of the main drivers of change in the sector over the past few years. Others include mergers and acquisitions, financial technology (i.e., Fintech), training programmes which have transited the companies towards more versatile employee skill-set, customers' needs and behaviours to which banks have responded (imitating the way fintech's work). These factors are interrelated.

Restructurings related to digitalisation and other drivers mentioned above affect employment and working conditions significantly. The restructurings involve not only direct dismissals, but also changes in the terms of employment for a few employees. Front-desk, back-office and sale jobs are mainly at risk. Meanwhile banks have tended to invest and expand IT operations located at their head offices. Moreover, the COVID-19 pandemic has accelerated the changes and affected employment in the sector. In the period of October 2020 - September 2021, as many as 7,500 jobs were cut. Since January 2021, twelve restructuring programmes carried out by Poland's financial companies were reported in Eurofound's European Restructuring Monitor database. One last thing to point out is that the restructuring programme at Bank Pekao was consulted with the workers' side, which played an important role in the setting of support measures. Severance payments were the main measure, but other non-financial support was provided as well.

# National level: context and sectoral trends

## Employment trends

Employment and structural figures show some trends continuing in the sector over the past years. According to KNF (Komisja Nadzoru Finansowego, the Polish Financial Supervision Authority), the employment headcount was falling steadily until September 2021. Between 2015 and 2021, the sector was losing around 4,000 jobs per year in the country, while in the period of October 2020 - September 2021, as many as 7,500 jobs were cut. This means that the COVID-19 pandemic has had a huge impact on employment in the banking sector; the pandemic has significantly accelerated restructuring processes in banks on a scale previously unseen in the past years. Although employment abroad is not high, it has been growing steadily. In the analysed period, employment more than doubled but from very marginal levels.

**Table 1. Employment in the Polish banking sector, 2015-2021**

Employees	2015	2016	2017	2018	2019	2020	2021
<b>Branches in Poland</b>	170,248	168,998	165,125	163,095	157,831	150,138	142,605
<b>Branches Abroad</b>	260	318	321	452	530	578	591

*Note: Data refer to the month of September for the entire banking sector, including cooperative banks.*

*Source: KNF, (2021), Dane miesięczne sektora bankowego - wrzesień 2021 (Monthly banking sector data – September 2021). Available at: [https://www.knf.gov.pl/?articleId=56224&p\\_id=18](https://www.knf.gov.pl/?articleId=56224&p_id=18)*

Other structural data collected by KNF complete the landscape of the changes taking place in the sector. The number of commercial banks decreased from 38 in 2015 to 30 in 2021; this trend also applies to cooperative banks. Between 2015 and 2021, the network was reduced by over 2,000 units (around 27%). The banking network abroad did not change significantly over this period (the number of foreign branches oscillated between 4 and 6). The number of other customer service branches ('other' meaning locations in the structure of the bank other than regular branches) also declined in the country (from 4,660 in 2015 to 2,629 in 2021), while the number of branches abroad increased from 35 in 2015 to 43 in 2021. The increase in the number of branches abroad is related to the business activities of several Polish banks, primarily Getin Holding, mBank, and PKO BP.

**Table 2. Selected structural data on the banking sector in Poland, 2015-2021**

		2015	2016	2017	2018	2019	2020	2021
<b>Number of banks</b>	Commercial banks	38	37	35	34	30	30	30
	Cooperative banks	562	560	555	550	541	533	517
<b>Banking network</b>	Number of branches in Poland	7,314	7,133	6,730	6,453	5,942	5,708	5,292
	Number of branches abroad	4	5	6	5	4	6	6
<b>Number of branches and other customer service locations</b>	In Poland	4,660	4,098	4,085	3,651	3,557	2,952	2,629
	Abroad	35	36	35	34	34	45	43

*Note: Data refer to the month of September for the entire banking sector, including cooperative banks.*

*Source: KNF, (2021)*

Over the past few years, the largest commercial banks in Poland (e.g., Getin Noble Bank, Bank Pocztowy, Bank Pekao, BNP Paribas Bank Polska, Santander Consumer Bank, Bank Millennium, PKO BP, BPH Bank, Idea Bank, Raiffeisen Bank) were implementing restructuring programmes involving major dismissal measures and branches closures. Most of these restructurings were reported in the ERM database.

Considering shares of standard and non-standard employment, for security and legal reasons, banks have employed staff on standard contracts and have preferred full-time employment. Some tasks, e.g., in IT or security and cleaning services in the sector are outsourced, but it remains marginal and is not related to the banks' core activities.

The remuneration base is a fixed salary, independent of results, e.g., sales. At the moment, this scheme prevails. Due to legal regulations, banks moved away from the bonus system that drove aggressive and risky sales practices. In the current system, bonuses cannot be higher than the base salary.

There are no official and public statistics on social dialogue and employee representation in the sector. Moreover, there is no available information on how many banks have trade unions and works councils, or how many of them there are. However, a study on participation in Poland provides some information on this topic. Trade unions operate in the largest banks, especially in those where unions were present before 1989; works councils are present, but, according to the study, their role is not significant. These unions are mainly affiliated to the largest national cross-

sectoral associations: NSZZ Solidarność, Forum Związków Zawodowych, Ogólnopolskie Porozumienie Związków Zawodowych, and the unionisation rate is quite high in some banks (up to 70%). Usually, there are no collective agreements in banks. Trade union membership is more likely among branch employees (especially front-desk staff), and less often employees working at head offices. In some banks, there are many competing unions (Konopka D. Zybala A, 2018).

## Drivers of change

In the recent years, the banking sector has undergone a number of changes, including employment and network reduction (see table 2 above), digitalisation, implementation of financial technology, mergers and changes in the sectoral landscape, as well as changes in skill deployment and work organisation at their job positions. Mariusz Zygierewicz, an expert from the Polish Bank Association (ZBP), indicates three major changes in the sector: programmes developing employees' versatility at their job positions, consolidation related to the mergers, as well as employment reduction and slimming of the banking network across the country.

### Towards employees' versatility

Employees' versatility refers to an employee's wide-ranging skillset and their ability to perform numerous tasks or roles throughout an organisation, which also involves reskilling and upskilling trainings. The sector has moved away from narrow specialisations, especially in front-desk positions. Bank employees are increasingly expected to do cash operations, provide back-office services, and sell different products.

### Employment reduction, network slimming

The second large change is related to employment reduction and decrease in the number of branches or slimming them down (they no longer need to be so big, there is no need for large-scale cash handling; instead of 20 cashier stands, there are now 3-4). Banks have also changed their locations - they moved from the main streets to slimmed down branches located in shopping malls, for instance.

### Head office expansion and the search of new skills

Simultaneously, banks have tended to expand their head offices, including an increase in employment, and strengthening teams working on digital and technology development (Kozak, Golnik, 2020). At headquarters, there have been a growing demand for high-skilled staff, especially in IT, analytics, big data, machine learning, AI. Also, so-called soft competencies have become more important (team management, leadership, communication, agile banking, building and managing cross-departmental teams) (Włoch et al., 2020).

### Digitalisation and IT transformation

Digitalisation and IT transformation are closely related to the processes discussed above. The sector has been undergoing a large transformation in these areas for years; digitalisation is perceived as strategic objective for the sector (Druszcz, 2017). Together with the digitalisation of the financial products and their complexity, the amount of data related to the different digital operations has grown. This has created a need for further services built on robust data and data analytics. Therefore, the demand for complexity of user interface and other IT developments, including different security measures, developing remote self-service, has also been growing. The evolution of

the digitalisation process has also involved automation of many operations. The digitalisation of the sector has been additionally influenced by the growing access to the internet, computers, tablets, and smartphones, which has impacted the expectations and behaviors of customers who want to have continuous access to various services. All these processes have driven each other in recent years (Balanowski, 2020).

The digital transformation of the sector in Poland was dynamic. The study shows that the number of the largest banks' customers using mobile banking in 2016-2019 increased on average by 27% a year (Kozak, Golnik, 2020). According to a global study on digital retail banking channels, Poland's banking sector is ranked quite high - 5 out of 13 Polish banks participating in the study were counted among the 31 digital leaders in the sector, Poland was thus ranked 4th in the world in terms of digitalisation of the sector (Deloitte, 2020a).

### Imitating fintech

The mainstream banks have started to imitate successful fintechs, which tend to be driven by customers' needs. Banks increasingly want to seek customer feedback and develop more agile attitudes toward customers, like fintechs have. Banks want to give the customers 24/7 access to all banking services via mobile applications and websites, customer services without printing and signing papers, opening accounts without delays etc. (Druszcz, 2017; Pyka, 2020).

### Sector composition change

Another major change took place in the sectoral structure. According to the expert, one can observe a process of consolidation involving several major mergers: some companies were acquired by largest banks (bigger banks took over smaller ones). A system dominated by much smaller entities is less financially efficient; it means lower revenues with relatively higher operating costs; these acquisitions were a response to the decline in profitability of smaller banks. Alongside this process, some banks closed their operations in Poland and then returned and operate as branches of foreign commercial banks (e.g., Raiffeisen Bank Polska was divided in 2018: the basic activities were sold to BGŻ PNB Paribas, and Raiffeisen Bank became part of Raiffeisen Bank International, headquartered in Austria, then the bank returned as Raiffeisen Bank International Oddział w Polsce), while specialised banks (e.g., car banks such as Toyota Bank) have closed their operations in Poland.

### EU and national regulations

EU and national legislation have had an impact on the sector. On the one hand, according to Mariusz Zygierewicz from the Polish Bank Association (ZBP), a national fiscal burden is imposed on banks, and part of restructuring can be considered as cost-saving programmes. The staff costs in the sector are 40-45% of operating costs and it is perceived as high by the expert. Redundancies were also expected to reduce these costs. On the other hand, EU regulations, especially *Capital Requirements Directive and Capital Requirements Regulation (DRD/CRR)* and *Payment Services Directive (PSD2)* directives, have impacted the sector. DRD/CRR have affected sector by improving its regulatory structure and thus imposing greater order, but it has had no serious direct impact on restructuring affecting employment. PSD2 directive introduced regulations which can be both an opportunity and challenges for banks. The directive has regulated an issue of cashless payments which can accelerate changes in financial services and related technologies. It can also boost a competition in the financial market as banks compete not only with other banks but also with new players in the sector belonging to the



Third Party Provider (TPP) group (e.g., payment institutions and fintechs) (Deloitte, 2020b; KPMG, ZBP, 2019; Paduszyńska, Pawlak, 2020).

### **Impact of the COVID-19 pandemic**

The COVID-19 pandemic has accelerated a process of digitalisation. During the pandemic, the sector observed changes in customers' needs and behaviors. Following the public health and social distancing restrictions, banks limited their activities in branches. At the same time, the number of customers using mobile banking has increased, reinforcing the need for banks to develop and implement further technological and other solutions (Deloitte, 2020a, 2020b; Gajór, 2020,; Kozak, Golnik, 2020; ZBP, 2020).

# Case study: Bank Pekao S.A. (Bank Polska Kasa Opieki)

## Information on Bank Pekao

Bank Polska Kasa Opieki Spółka Akcyjna, commonly known as Bank Pekao S.A., is a universal commercial bank. Currently, it is the second largest bank in Poland. The bank was founded in 1929 by the Ministry of Treasury as a national bank. In 1999, Pekao was acquired by the international banking group UniCredit. In 2017, UniCredit sold the bank to Powszechny Zakład Ubezpieczeń (PZU, a publicly traded insurance company) and Polski Fundusz Rozwoju (the Polish Development Fund).

In addition to the restructuring discussed in the report, the bank carried out three major redundancy programmes in 2018-2020. In 2018, Bank Pekao implemented a cost-saving programme affecting 1,000 jobs<sup>1</sup>. In 2019, another programme, which aimed to cut 950 jobs and change terms of employment of 620 employees, was carried out<sup>2</sup>. In 2020, the company announced a collective dismissal programme involving 1,200 jobs cut and changes in terms of employment of 1,350 staff<sup>3</sup>. Both programmes announced in 2019-2020 were related to the technological and digital transformation within the bank.

Currently, Bank Pekao employs 12,870 employees and has 713 branches across the country. In 2015-2020, the bank's workforce was reduced by over 3,500 jobs, while the number of branches decreased by over 300 (i.e., 30%).

**Table 3. Employment and banking network, 2015-2020**

	2015	2016	2017	2018	2019	2020
<b>Employees</b>	16,387	15,882	15,316	14,569	13,779	12,870
<b>Branches</b>	1,022	952	843	818	805	713

Source: Bank Pekao (2021a)

## Drivers and motivations for the restructuring case

The main expressed motivations for the restructuring were to adjust the employment to the bank's needs and enhance digital transformation. The bank observed that a large proportion of customers had started to use electronic banking more frequently, making visits to the branch unnecessary. It translated into a decreasing demand for services provided in branches as well as the weakening need to maintain the extensive banking network across the country. The change in customers' behaviors has been accelerated by the COVID-19 pandemic. Customers tend to visit branches less frequently, while cashless transactions and mobile banking are used more often. Additionally, the bank wanted to close some branches or reduce them. The employer's representative said: 'The bank

<sup>1</sup> For more information, see: <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/bank-pekao>.

<sup>2</sup> For more information, see: <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/bank-polska-kasa-opieki>.

<sup>3</sup> For more information, see: <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/bank-polska-kasa-opieki-0>.

examines its workload on an ongoing basis in order to use its resources efficiently'. In this meaning, the restructuring was also a cost-saving programme covering labour and operational costs. In this context, the motivation also consists in rationalisation of corporate structure. This mainly means that the bank constantly analyses the number of branches needed to provide services in line with demand. This involves reducing the number of branches while developing those units in the bank's structure that are responsible for developing and providing digital services.

In addition, like the entire sector, the bank is undergoing a digital and technological transformation and this process has affected the employment in the company. The interviewed employer's representative reveals that the bank has expanded its head office where staff with other skills is needed and has transferred a significant part of its resources to investments in this area. The bank has been investing in such areas as security of services and processes (cyber security), UX (user experience), technology and internet communication programming, machine learning, and AI. On the one hand, the bank has reduced employment in its network; on the other hand, it has recruited specialists to its head office.

Other reasons include the bank's need to carry out a comprehensive training programme aimed at employees' versatility at their job positions. This upskilling and reskilling training programme is part of larger transformation carried out by the sector in the recent years. To be able to reduce staffing levels in branches, the bank has been moving away from narrow employees' specialisations. Employee versatility makes it possible to provide a range of services by smaller number of staff. Before these programmes were implemented, employees in branches had performed limited number of tasks at their quite narrowly defined roles, e.g., there were staff dedicated only to cash operations, back-office services, or financial products sale. This process also involves the need to change the terms and conditions of employment for employees who undergo this process (under the discussed restructuring, it covered about 1,250 staff). The need is related to a legal requirement stating that if an employer changes the job description, including the tasks, a new contract, which redefines all terms and conditions, is required.

According to the interviewed union officer, in addition to the motivations described above, there was another one, which was not and could never have been officially announced. The hidden goal was also replacing the staff and rejuvenate it (the union officer informed that a large share of branch staff is in pre-retirement age).

## The restructuring process

The restructuring was announced in March 2021. First, the bank informed the employees (trade unions and works council) of its decision, thereby initiating a consultation process. On 3 March 2021 the information was made public in a press release from the bank (Bank Pekao, 2021c). The decision on a collective dismissal programme was made by the management board and the supervisory board, and the information was communicated in writing to the works council and trade unions. On 23 March, negotiations were concluded with the signing a collective agreement on the restructuring conditions. This fact was also announced in a press release (Bank Pekao, 2021d).

The restructuring was carried out between late March and 30 June 2021, and it involved two different measures and aims related to them:

- Job loss – under the programme, 1,100 jobs were expected to be cut throughout a compulsory collective dismissal programme at the bank's branches across the country.

- Change in terms of employment: the measure was expected to affect 1,250 jobs across the country. Additionally, some employees were expected to change location of their workplace (relocation to other branch or head office).

The criteria for selecting staff for redundancy are not public (there is a confidentiality clause). However, the union officer claims that unofficially, the programme had elements of a voluntary redundancy programme- especially for employees at pre-retirement age who were willing to leave their jobs- and the trade unions were to act as a 'broker', i.e., people wishing to leave their jobs were to report it to employees' representatives by email. This fact was not confirmed by the bank which maintained that the restructuring was based only on compulsory collective dismissals.

## Collective representation, information and consultation process

In the bank, there are eight trade unions; half of them is representative at the company level according to national criteria on representativeness in collective bargaining and works council. A representative trade union is a union that has at least 15% of the employees as members, or 8% if the local company union organisation belongs to one of the three nationally representative unions, NSZZ Solidarność, OPZZ and FZZ. According to the interviewed trade union officer, about 70% of employees are unionised. EWC is not present in the company. Based on the interviews, the role of the works council seems to remain limited, while the trade unions remain the main partner in the company's social dialogue.

The decision to implement the programme was made by the management board and the supervisory board. The bank specified the number of affected jobs, and the conditions (i.e., support measures) of the programme and the affected jobs functions were negotiated with the trade unions and the works council. According to the interviewed employer's representative, all processes- including information and consultation process- were held in accordance with the national legislation regulating the issue, especially the act on special rules on termination of employment for reasons not attributable to employees (Ustawa o szczególnych zasadach rozwiązywania z pracownikami stosunków pracy z przyczyn niedotyczących pracowników). The act provides precise regulations and the bank followed them.

In the bank, there is also a company collective agreement. It also includes regulations on the conditions for termination of employment by the employer, and the process was implemented in accordance with this agreement too.

The negotiations took place over several meetings, some of which were held online due to public health restrictions, which, as the trade union side felt, significantly worsened their quality and conduct. The consultation process lasted a month (March 2021).

Negotiations were concluded with the signing of a collective agreement on the restructuring conditions. One out of seven trade unions did not sign the agreement. The employer's representative said: 'They never sign any agreements, but we were able to complete the process because all the representative unions signed this agreement'. In the press release, the bank informed that the support measures for redundant employees would be significantly more favorable than the statutory ones (Bank Pekao, 2021d). Moreover, the bank also admitted:

*The support measures for redundant employees are among the most favorable in the sector. The regulations also set out the criteria for selecting employees whose employment contracts*

*will be terminated or modified. The restructuring at Pekao is a continuation of actions initiated in connection with the implementation of the bank's strategy focused on improving efficiency. It is also a result of current market trends in the banking sector related to accelerated digital transformation.*

The content of the agreement was defined and both parties were bound by a confidentiality clause on the detailed agreements, e.g., those related to range and condition of support, criteria for redundancy.

The bank's representative claimed that the bank made every effort to make the process as transparent as possible, with all elements required by law and the company collective agreement. The employees' representatives had full access to required information. The employer's representative underlined that the bank paid great attention to listening to each other, exchanging and collecting arguments. They sought to ensure that the social side had the opportunity to present its point of view. From the employer's point of view, the social side took the matter very seriously. The interviewee said that they worked on objective criteria and arguments together.

Also, the bank assumed that the trade unions and the works council represented all groups of employees appropriately. Both parties of negotiations revealed that the process was implemented without major conflicts or disruptions; there were no severe disputes about the timing in which information was provided, information access, quality of information provided to worker representatives or other issues. The bank's representative claimed that there were always some tensions during such negotiations, but the bank wanted the process to be as transparent as possible so that all the information requested by the social side could be provided. They concluded: 'If there were any serious doubts, the social side would not have signed the agreement and we would have had a dispute with trade unions in court'.

The employees' representative stated that they played an important role and had a strong influence on the process and the terms of the programme outlined in the signed agreement. They perceived the process of negotiations with the employer positively; it is also based on previous experience in this area. They noted: 'We have developed certain standards. Both sides are well-experienced in the field (of negotiations)', referring to negotiations under the previous restructurings in the bank. They also underlined that 'everything (during the information and consultation process) was done according to the procedure'. The worker's side did not suggest alternatives to the dismissals. The interviewee claimed that they had aimed to negotiate the best possible terms for the affected employees, knowing that restructuring was unavoidable.

## Support to affected workers

The trade unions and the work council seem to be well established as social partners in company collective bargaining, and they were able to negotiate good redundancy settlements and support for affected employees. As it was mentioned above, the interviewee from one of the largest and representative unions in the bank said that the workers' representatives made every effort to work out the most favorable conditions of the restructuring programme. The employees' representative also expressed satisfaction with the terms negotiated and enshrined in the agreement.

As the restructuring involved two different measures with different targets, namely compulsory collective dismissals and change in terms of employment, two support packages were provided:

1. Job loss:
  - **Financial support.** For workers to be made redundant, financial support was the main and primary form of support under the restructuring. The main focus was on making the severance payments as high as possible. Severance pay was to be calculated according to an employee seniority. As the agreement is covered by a confidentiality clause, the interviewees could not provide detailed information. The interviewee from the union only reported that the negotiated rate was very favorable from their point of view, and the basis for the multiplication in severance pay calculation was not the employee's salary as usual, but a negotiated rate (higher than the salary). According to the interviewee, around 75% of the redundant workers got the top rates of the negotiated severance pays.
  - **Psychological support.** A significant proportion of those made redundant were employees who had worked at the bank for a very long time- for some it was their only job in life-, so the situation of job loss could prove difficult for them from an emotional and psychological point of view. Such workers could make an appointment with a psychologist.
  - **Job search support, outplacement measure.** Redundant workers wishing to look for a new job could benefit from support from professionals in several areas, including creating CVs, interview performance training, setting up profiles on social networking sites, advisory support in different issues related to job searching. It was intended to be helpful for those without much experience in searching for a job in today's labour market.
  - **Private medical care** for a period of six months.
  
2. Change in terms of employment:
  - **Support for training.** The support involved upskilling and reskilling training for those employees who had agreed to change their conditions of employment. The training support was related to the bank's transition towards employee versatility at their job positions, primarily in terms of technical training.
  - **Relocation assistance.** This part of the restructuring also involved relocation of some jobs to the bank's head office or to branches in other location or city. The assistance was dedicated to those employees who had agreed to change their terms of employment and workplace location. As part of the support scheme, the banks offered a 3-month onboarding process which included training and adaptation to a new workplace. Other forms of support included financial support for moving to a different location, travel expenses (e.g., covering fuel cost) for employees who did not relocate and commute to a different city, and yearly rent subsidies.

All the support under the restructuring was financed by the company; no external support was used. As a standard practice and legal obligation related to collective dismissals reporting, the programme was registered by the bank at the Employment Agency (Urząd Pracy) and the National Labour Inspectorate (Państwowa Inspekcja Pracy), but these public institutions were not involved in seeking to retain the employment and did not offer any support in this respect. The bank does not collect information on what happened to the employees who lost their jobs as a result of the restructuring. The interviewed employer's representative indicated that the bank cannot collect and process data on people who are not employed by the bank.

## Restructuring outcomes

The interviewee from the bank admitted that Bank Pekao has achieved all its targets, and the current employment is in line with the bank's strategy. Under the restructuring, almost 1,100 jobs were cut by the end of June 2021; the difference between the planned number of job reductions and those actually implemented was small, involving few positions in total. Similar outcomes were achieved regarding the change in terms of employment (about 1,250 positions affected). Under this measure, the company offered employees relocation of their positions to other units. Such offer was addressed to about 250 employees and 90% of them took it up.

According to the interviewee, the restructuring affected less than 10% of the workforce, so there is no significant difference in the occupational composition. Currently, they have a smaller number of branches and fewer people responsible for the back-office, but the IT department has been expanded. They have employees with more versatile skills at the branches, and more employees at the head office in Warsaw. The interviewee informed that there is no significant difference in the employment composition. About 75% of employees are women and this has not changed. The average age is 45, and the staff profile is getting younger, but it is a very slow process. The spokesperson reveals that a generational change is taking place in the bank, as a large number of employees who have reached retirement age have decided to retire in the recent years (Rzeczpospolita, 2021). For security and legal reasons, the bank employs mainly on a full-time and employment contract basis (among others, it refers to security issues related to access to various sensitive data). They outsource a small share of IT services locally.

The bank reveals that some specific skillset and job profiles are in short supply. The company is constantly recruiting specialists in IT, customer experience, advanced data analytics, big data, machine learning, cyber security. These are the key areas for the bank nowadays. A particular challenge for the bank is that they compete for specialists not only with the sector, but with the whole job market. The bank, like the entire banking sector, faces some difficulties to attract suitable specialists as it has to convince professionals that the financial company may be an attractive workplace. It is particularly difficult in the context of younger generations of employees and freelancers who value a more relaxed working culture, and who see banks as traditional institutions where, for example, you have to wear a suit. Also, salaries offered by banks are not perceived as attractive for younger employees (Rzewulski, 2019). Therefore, the bank develops and implements its own strategy to promote itself as an attractive employer and to recruit suitable talents. As the company competes in many different areas, various activities are undertaken. The bank is subject to various audits when it comes to the way it operates: it wants to be an example of a transparent and good HR practice, as well as presenting itself as a reliable employer. They also take part in the Top Employers competition (Bank Pekao has been awarded the Top Employer certificate eleven times in a row in the competition) (Bank Pekao, 2021a). The bank undertakes various HR activities, including employer branding activities, promoting the bank as a workplace. In their activities, they also talk about the mission, the values of the bank.

From the employees' representative, the motivations for the restructuring and a larger strategy of the bank seemed to be not entirely clear. Some parts of the company's moves raised controversies among employees. The union officer confirmed that the company cut as many jobs as planned. According to the interviewee, similar number of jobs has been created at the same time, but they did not define in what part of the company's structure these jobs were created. The interviewee

observes that cashiers and other front-desk employees have become less important for the bank, while IT-related jobs and those located in the head office have become more important, and the company is to increase the employment in the latter. However, they do not agree with a postulate to cut these front-desk positions. In fact, according to them, front-desk employees are actually in short supply.

Furthermore, the union officer points out two issues related to the staff composition within the bank. Firstly, they pay particular attention to the age of the workforce - a significant proportion of the staff are already of retirement or pre-retirement age. Secondly, they claim that there are not enough workers in the front-desk and the workload has increased during the pandemic, which poses a significant challenge for the staff who need to meet demands in branches. The officer concluded: 'People are overworked'. Despite these issues, the interviewee admits that attracting new young workers from the market is a challenge for the company, but the employees' representative does not have detailed information on training and recruitment strategies.

Also, the training programme is not very well rated by the trade union officer. He claims that there was not enough of such training to properly educate the staff. In addition, a large part of the training took place in the form of e-learning, which is not a good method for acquiring new qualifications. The interviewee pointed out as well that the training should last longer and should be conducted on-site. 'It didn't work out very well', concluded the interviewee.

Regarding employment contracts, the union officer confirms that the bank offers full-time jobs and standard employment contracts. The interviewee underlines that their union organisation ensures that working conditions do not deteriorate in this respect.

The restructuring discussed here was related to the COVID-19 pandemic. The pandemic has accelerated the reduction in the number of customers visiting branches, it has boosted digitalisation and optimisation of processes in the bank. Additionally, the pandemic has affected the forms of work. Before, managers had been very reluctant to work remotely. Currently, managers have learned that people can work effectively from home. There is also a change in work culture - setting tasks and communication in teams; managers have learned how to manage dispersed teams. The pandemic will have an impact on the approach to work - there will be a small number of employees whose presence in the office will be required; according to the bank's representative, in the future a large number of employees will work in a hybrid model, and a certain group will work remotely only.



## Conclusions and policy pointers

This report has a dual focus: studying the recent restructuring programme carried out by the Poland's second largest bank and describing different drivers of change, notably related to digitalisation, affecting employment and working conditions in the banking sector in Poland.

Over the past years, the sector has undergone a large transformation driven by digitalisation and financial technology, mergers and acquisitions, and moved towards more versatile employee skillset. According to the study, the digital transformation in the sector was dynamic (Kozak, Golnik, 2020). Following the changes in customers' needs and behaviours, as well as technological development, financial companies in Poland have reshaped their development strategies towards mobile banking. Under these strategies, a number of restructuring programmes leading to significant jobs losses have been implemented by the companies over the past years. Banks tended to cut its employment at branches (cash operations, back-office services, sales), as well reducing their branch network. Simultaneously, financial companies have invested and developed their operations in IT at head offices. According to the Deloitte's study, Poland's banking sector is among the leaders in digital banking (2020a). The COVID-19 pandemic has accelerated these major changes in the sector.

The restructuring discussed in this study is part of the processes described above. The restructuring was announced and carried out in the second year of the COVID-19 pandemic and was announced as a response to it, as well as the need to optimise efficiency and further strengthen digital transformation. Under the restructuring, almost 1,100 jobs were cut across the country, and another 1,250 positions were covered by a change in terms of employment. Over 200 jobs were relocated to the head office or other branches. The worker representatives played a large role in the whole process. The conditions of the programme were negotiated with local trade unions and works council, and consultations were concluded with signing of the bilateral agreement. According to both sides of company, collective bargaining, information and consultation process were carried out in accordance with national legislation. Support for redundant employees was mainly a financial one (severance pay according to an employee's seniority), but other types of support were available as well (training, health care package, psychological support). For employees whose terms of employment were to be changed, the company provided training and support in relocation. As a result, less than 10% of jobs were cut under the restructuring. The employer side has achieved its objectives, while among the workers' representatives doubts and controversies emerged about the particular results of the restructuring.

### Policy pointers

Digitalisation and financial technology have negatively impacted the employment level in the banking sector in Poland. The largest commercial banks have implemented a large number of restructuring programmes over the past few years. Between 2015 and 2021, over 27,600 jobs were cut in the sector.

Given the scale and pace of employment reduction, there is a strong rationale for public agencies involved in monitoring restructuring in the sector. It may include institutions such as KNF (the Polish Financial Supervision Authority) and Employment Agency.

The involvement of the employees' side in monitoring and negotiating restructuring is also an important area. Trade unions are not present in all banks, the scope of collective bargaining varies

from one company to another, and not everywhere the workers' side does have the possibility to influence the terms of redundancies. As reskilling and upskilling programmes are a meaningful part of transition in the sector, both the employment agencies and employees' representatives could also assist, shape and model training programmes for redundant and relocated workers.

Banks and other institutions do not monitor what happened to the redundant workers. As about half of positions in the banking sector are at risk- and this applies mainly to positions held by women and older employees) (Śledziwska at.al., 2020)-, this is another area the monitoring of which could show which industries they move to and what terms of employment they obtain.

## References

All Eurofound publications are available at [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

Balanowski, W. (2020), 'Digital Banking: Way to 2020 and a Look into the Future', in: Kawiński, A. and A. Sieradz (eds.): *Wyzwania informatyki bankowej, Challenges of banking informatics*, pp. 11-38. European Financial Congress, Sopot. Available at <https://www.efcongress.com/wp-content/uploads/2020/10/Wyzwania-informatyki-bankowej.pdf>

Bank Pekao (2021a), 'Bank Pekao S.A. po raz jedenasty z rzędu wśród najlepszych pracodawców', Bank Pekao among th

e Best employers even ten Times in a row, January 2021. Available at <https://media.pekao.com.pl/pr/636335/bank-pekao-s-a-po-raz-jedenasty-z-rzedu-wsrod-najlepszych-pracodawcow>

Bank Pekao (2021b), 'Jednostkowe Sprawozdanie Finansowe Banku Pekao S.A. za 2020r', Financial report of Bank Pekao S.A. for 2020, February 2021. Available at: <https://www.pekao.com.pl/relacje-inwestorskie/raporty-i-sprawozdania/raporty/336bb572-a561-4c31-beb8-7f782455af2b/jednostkowe-sprawozdanie-finansowe-banku-pekao-s-a-za-2020r.html>

Bank Pekao (2021c), 'Bank Pekao S.A. rozpoczyna konsultacje ze stroną społeczną dotyczące restrukturyzacji zatrudnienia w 2021 roku', Bank Pekao S.A. begins consultations on employment restructuring in 2021 with the social side, 3 March 2021. Available at <https://media.pekao.com.pl/pr/650464/bank-pekao-s-a-rozpoczyna-konsultacje-ze-strona-spoieczna-dotyczace-restrukturyzacji-zatrudnienia-w-2021-roku>

Bank Pekao (2021d), 'Bank Pekao S.A. podpisał porozumienie ze Związkami Zawodowymi w sprawie restrukturyzacji zatrudnienia', Bank Pekao S.A. has signed an agreement with trade unions on employment restructuring, 23 March 2021. Available at <https://media.pekao.com.pl/pr/655499/bank-pekao-s-a-podpisał-porozumienie-ze-zwiazkami-zawodowymi-w-sprawie-restrukturyzacji-zatrudnienia>

Deloitte (2020a), 'Digital Banking Maturity 2020. How banks are responding to Digital (r)evolution?', October 2020. Available at <https://www2.deloitte.com/pl/pl/pages/financial-services/articles/digital-banking-maturity-2020.html>

Deloitte (2020b), 'W trakcie pandemii cyfrowo zaawansowane banki osiągają lepsze wyniki finansowe', Digitally advanced banks see improved financial performance during the pandemic, Warsaw, 7 October 2020. Available at <https://www2.deloitte.com/pl/pl/pages/press-releases/articles/w-trakcie-pandemii-cyfrowo-zaawansowane-banki-osiagaja-lepsze-wyniki-finansowe.html>

Druszcz, P. (2017), 'Digitalizacja produktów bankowych jako cel strategiczny uczestników polskiego sektora bankowego', Digitisation of banking products as a strategic objective for the banking sector participants, *Ruch Prawniczy, Ekonomiczny i Socjologiczny*, Vol. 79, No.1, pp. 237-250. Available at: <https://doi.org/10.14746/rpeis.2017.79.1.17>

Gajór, K. (2020), 'Płatności w czasach pandemii [Payments during the pandemic]', in: *Wyzwania informatyki bankowej*, in: Kawiński, A. and A. Sieradz (eds.): *Wyzwania informatyki bankowej*

- [Challenges of banking informatics], pp. 221-234. European Financial Congress, Sopot. Available at: <https://www.efcongress.com/wp-content/uploads/2020/10/Wyzwania-informatyki-bankowej.pdf>
- KNF (2021), 'Dane miesięczne sektora bankowego – wrzesień 2021 [Monthly banking sector data – September 2021]'. Available at: [https://www.knf.gov.pl/?articleId=56224&p\\_id=18](https://www.knf.gov.pl/?articleId=56224&p_id=18)
- Konopka, D. and Zybała, A. (2018), 'Bezpośrednia partycypacja w Polsce [Direct participation in Poland]', Szkoła Główna Handlowa, Warszawa. Available at: [https://ssl-kolegia.sgh.waw.pl/pl/KES/struktura/kppb/Documents/national%20report%20in%20Polish\\_Poland\\_AZybała\\_final.pdf](https://ssl-kolegia.sgh.waw.pl/pl/KES/struktura/kppb/Documents/national%20report%20in%20Polish_Poland_AZybała_final.pdf)
- Kozak, S. and Golnik, B. (2020), 'Migration of the banking sector to digital banking in Poland', *Economic and Regional Studies*, Vol. 12, No. 3, pp. 284-294. Available at: <http://www.ers.edu.pl/MIGRACJA-SEKTORA-BANKOWEGO-DO-BANKOWOSCI-CYFROWEJ-W-POLSCE,127412,0,1.html>
- KPMG, ZBP (2019), 'PSD2 and Open Banking. Revolution or evolution?', Warsaw, March 2019. Available at: <https://home.kpmg/pl/en/home/insights/2019/04/report-psd2-and-open-banking-revolution-or-evolution.html>
- Paduszyńska, M. and Pawlak, B. (2020), 'Rynek usług płatniczych w Polsce w świetle zmian prawnych implementujących postanowienia dyrektywy PSD2 [Payment services market in Poland in the light of legal changes implementing provisions of the PSD2 Directive]', *Studia prawno-ekonomiczne*, Vol. 114, No. 20, pp. 333-349, <https://doi.org/10.26485/SPE/2020/114/1>
- Pyka, A. (2020), 'Do Banks no Longer Fear Fintechs?', in: Wyzwania informatyki bankowej [Challenges of banking informatics], in: Kawiński, A. and A. Sieradz (eds.): Wyzwania informatyki bankowej [Challenges of banking informatics], pp. 67-80. European Financial Congress, Sopot. Available at: <https://www.efcongress.com/wp-content/uploads/2020/10/Wyzwania-informatyki-bankowej.pdf>
- Rzeczpospolita (2021), 'Banki zwalniają na potęgę. Cyfryzacja zastępuje ludzi [Banks are massively reducing their workforce. Digitalisation replaces people]'. Available at: <https://www.rp.pl/banki/art18927551-banki-zwalniaja-na-potege-cyfryzacja-zastepuje-ludzi>
- Rzewulski, P. (2019), 'Wpływ digitalizacji sektora bankowego w Polsce na strukturę zatrudnienia w bankowości [Impact of the digitization of the banking sector in Poland on the structure of employment in banking]', *Zeszyty Naukowe ZPSB Firma i Rynek*, No. 1(55), pp. 163-171. Available at <http://yadda.icm.edu.pl/yadda/element/bwmeta1.element.desklight-45019a76-23d3-4e8f-b234-a5a8850b5169>
- Śledziwska, K., Włoch, R. And Rożynek, S. (2020), 'Przemiany pracy w sektorze bankowym w kontekście rozwoju gospodarki cyfrowej' [Work transformation in the banking sector in the context of the digital economy development]', DeLab UW, Warsaw. Available at: <https://www.delab.uw.edu.pl/projekty/przemiany-pracy-w-bankach/>
- ZBP (2020), 'Covid-19, banki i technologia – w jaki sposób pandemia wpłynęła na sytuację w sektorze bankowym [Covid-19, bank and technology – how the banking sector was affected by the pandemic]'. Available at: [https://www.zbp.pl/getmedia/3834338e-8ca9-4a8d-8a1b-c6f7d6e2b3aa/covid\\_a\\_technologie\\_fin](https://www.zbp.pl/getmedia/3834338e-8ca9-4a8d-8a1b-c6f7d6e2b3aa/covid_a_technologie_fin)

## List of interviewees

Name and Surname(s)	Position
Anonymous	Banking expert
Anonymous	Trade union representative in Bank Pekao
Anonymous	Employer's representative in Bank Pekao

*Note: Interviewees wished to remain anonymous, in line with their request in the data protection notice.*

**WPEF22040**

---

**The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.**